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Fax

To: Jeff Wertz	From: Mike Budd/ Unks Construction, Inc.
Fax: 781-1229	Pages: 29 - Including Fax Cover page
Phone: 805356-3765/ Cell 805-266-3428	Date: June 6, 2012, 2012
Re: County Rejection Letter	cc:

☐ Urgent ☐ For Review ☐ Please Comment ☒ Please Reply ☐ Please Recycle

• **Comments:** Provided herein is additional information within the deadline of 6/6/2012 as follows:

1. Company search for complaint and financial information from NAIC - 12 pages.
2. Insurance Code Title 12, Chapter 3503 Surety Bonds - 9 pages.
3. Financial Management Services a Bureau of the U.S Treasury - 7 pages.
4. Conditions of Bid Bond to comply with statutory requirement -1 page.

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COMPANY SEARCH

HOW TO LEARN MORE

HELP

Company Search Results:

Your search matched the companies displayed below. Please be aware that an insurance company may have different subsidiaries with different names. Please check your policy for the correct name. Click the links in the 'Available Information' to view closed consumer complaints, financial information and/or insurance writing information for a company. Click here to contact us if you were unable to find a company using the CIS Company Search.

Company Search Help

Company Search for Complaint and Financial Information

Company Name or Company Code

OIC marianas insurance co

Business Type:

All

Available Information

Company: OIC Marianas Ins Corp
Business Type: Property and Casualty
Home Office: MP
NAIC#: 12994

Closed Complaints
Licensing
Financial Information

All of the search results have been returned.



Global Receivership
Information Database

GRID is a voluntary database provided by the state insurance departments to report information on insurer receiverships for consumers, claimants, and guaranty funds.

UNITED STATES NATIONAL ASSOCIATION
OF INSURANCE COMMISSIONERS.

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https://eapps.naic.org/cis/companySearch.do

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COMPANY SEARCH

HOW TO FILE A COMPLAINT

HELP

OIC Marianas Ins Corp

NAIC#: 12994 Home Office: Northern Mariana Islands

Business Type: Property/Casualty

Other Reports: Financial Information Licensing Complaints

Company Search Help

OIC MARIANAS INS CORP
COMPLAINT COUNTS BY CODE REPORT
 (State - ALL, Persons - ALL, Year - 2012)

Below is the Complaint Counts By Code Report for OIC Marianas Ins Corp. This report is based on the following criteria: State - ALL, Persons - ALL, Year - 2012. This report is divided into three sections:

Number of Complaints by Coverage Type
Reasons Why Complaints Were Submitted
Final Decisions Regarding Complaints

**Company Search for Complaint
and Financial Information**

Company Name or Company Code

*

Business Type:

All


**Global Receivership
Information Database**

GRID is a voluntary database provided by the state insurance departments to report information on insurer receiverships for consumers, claimants, and guaranty funds.

Complaints For All
Types of Insurance.

Attachment D - Additional faxed Documents from UNKS

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Liability	0
Theft	0
Windstorm	0
Fire - Real Property	0
Personal Property	0
Residual Mkt./JUA Related	0
State Specific	0
Surplus Lines	0
Homeowners	
Homeowners	0
Group Homeowners	0
Farmowner/Ranchowner	0
Mobile Homeowner	0
Condo/Town	0
Renters/Tenants	0
State Specific	0
Liability	0
Theft	0
Earthquake	0
Flood	0
Fire - Real Property	0
Single Interest	0
Medical Payments	0
In-home/Incidental Business	0
Personal Property	0
Residual Mkt./JUA Related	0
Replacement Cost	0
Loss of Use	0
Windstorm	0
State Specific	0
Surplus Lines	0
Life & Annuity	
Individual Life	0
Group Life	0
Annuities	0
Group Annuities	0
Credit Life	0
Accelerated Benefits	0
State Specific	0
Accidental Death & Dismemberment	0
Association	0
Equity Indexed	0
Fixed	0
Premium Waiver	0
Single Premium	0
Term	0
Universal	0
Variable	0
Whole	0
State Specific	0
Accident & Health	
Individual	0
Group	0
Credit	0
State Specific	0
Accident Only	0
Disability Income	0
Health Only	0
Long-Term Care	0
Home Health Care	0

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Mental Health	0
Dental	0
Occupational Accident	0
Limited Benefits	0
Chiropractic	0
Hospital Indemnity	0
Vision	0
HIPAA	0
Unemployment	0
Pre-existing Condition	0
Cancer/Dread Disease	0
Self funded/ERISA	0
COBRA	0
HMO	0
PPO	0
State Specific	0
Medicare Advantage	0
Medicare Prescription Drug/Part D	0
Medicare Supplement	0
Medicare Select	0
Medicare Plan A	0
Medicare Plan B	0
Medicare Plan C	0
Medicare Plan D	0
Medicare Plan E	0
Medicare Plan F	0
Medicare Plan G	0
Medicare Plan H	0
Medicare Plan I	0
Medicare Plan J	0
Medicare Plan K	0
Medicare Plan L	0
Medicare Plan M	0
Medicare Plan N	0
Medicare Plans Other/Unknown	0
Medicare Plans Pre Standardized	0
Liability	
General	0
Products	0
Professional E & O	0
Umbrella	0
Directors & Officers	0
State Specific	0
Employment Policy	0
Excess Loss	0
Medical Professional Liability	0
Pollution	0
Surplus Lines	0
State Specific	0
Miscellaneous	
Workers Compensation	0
Fidelity & Surety	0
Ocean Marine	0
Inland Marine	0
Title	0
In Home/Incidental Business	0
Mortgage Guaranty	0
Boiler Machinery	0
PMI	0
Surplus Lines	0

Watercraft	0
Aircraft	0
Bail Bonds	0
Warranty Contract	0
Federal Programs	0
Federal Crop	0
Federal Flood	0
Travel	0
State Specific	0

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REASONS WHY COMPLAINTS WERE SUBMITTED

Underwriting	
Premium & Rating	0
Refusal to Insure	0
Cancellation	0
Nonrenewal	0
Credit Report	0
Redlining	0
Delays	0
Forced Placement	0
Audit Dispute	0
Unfair Discrimination	0
Rescission	0
Surcharge	0
Endorsement/Rider	0
Group Conversion	0
CLUE Reports	0
MIB Reports	0
Continuation of Benefits	0
State Specific	0
Marketing & Sales	
Unfair Discrimination	0
Suitability	0
Financial Privacy	0
Misleading Advertising	0
Health Privacy	0
Replacement	0
Unauthorized Entity	0
Fiduciary/Theft	0
Misrepresentation	0
Misappropriation of Premium	0
Not Appointed w/Company	0
High Pressure Tactics	0
Duplication of Coverage	0
Rebating	0
Misstatement on Application	0
Fraud/Forgery	0
State Specific	0
Excess Compensation Without Agreement	0
Failure to Submit Application	0
Premiums Misquoted	0
Other Violation of Insurance Law/Regulation	0
Adjuster Working for a Company Not Licensed	0
Using an Unlicensed Name	0
Claim Handling	
Adjuster Handling	0
Prompt Pay	0

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Willing Provider	0
Provider Availability	0
Unsatisfactory Settlement/Offer	0
Preexisting Condition	0
Medical Necessity	0
Fraud	0
PostClaim Underwriting	0
Subrogation	0
Comparative Negligence	0
Denial of Claim	0
Usual, Customary, Reasonable Charges	0
Out-of-Network Benefits	0
Co-pay Issues	0
Coordination of Benefits	0
No Preauthorization	0
PCP Referrals	0
Delays	0
Assignment of Benefits	0
Cost Containment	0
State Specific	0
Appeal Non-Compliance	0
Claim Recoding/Bundling	0
Recoupment	0
Policyholder Service	0
Inadequate Provider Network	0
Class Action	0
1035 Exchange	0
Premium Notice/Billing	0
Surrender Problems	0
Cash Value	0
Accelerated Benefits	0
Delays/No Response	0
Policy Delivery	0
Premium Refund	0
Nonforfeiture	0
Viatical Settlement	0
Payment Not Credited	0
Coverage Question	0
Access to Care	0
Abusive Service	0
State Specific	0
Credentialing Delay	0
Involuntary Termination by Plan	0
Provider Listing Dispute	0
Delayed Appeal Consideration	0
Delayed Authorization Decision	0
Access to Fee Schedule/Rates	0
Inadequate Reimbursement Rates	0
Unfair Negotiation	0

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FINAL DECISIONS REGARDING COMPLAINTS

Compromised Settlement/Resolution	0
Claim Reopened	0
Claim Settled	0
No Action Requested/Required	0
Referred to Another Department	0

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Referred to Proper Agency
Fine
Referred for Disciplinary Action
Contract Provision/Legal Issue
Company Position Upheld
No Jurisdiction
Insufficient Information
State Specific
Company Position Overturned
Complaint Withdrawn

0
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COMPANY SEARCH

HOW TO FILE A COMPLAINT

FILE

OIC Marianas Ins Corp

NAIC#: 12994 Home Office: Northern Mariana Islands

Business Type: Property/Casualty

Other Reports: Financial Information Licensing Complaints

Company Search Help

Closed Complaint Counts By Code Report:

To view the report for OIC Marianas Ins Corp, answer the questions below and click the 'Create Report' button.

For which state would you like to see complaints?

ALL

For which persons would you like to see complaints?

ALL

For which year would you like to see complaints?

2012

Create Report

Company Search for Complaint and Financial Information

Company Name or Company Code

*

Business Type:

All

Find a Company

Global Receivership Information Database

GRID is a voluntary database provided by the state insurance departments to report information on insurer receiverships for consumers, claimants, and guaranty funds.

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Complaints By State
2012

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COMPANY SEARCH

HOW TO FILE A COMPLAINT

HELP

OIC Marianas Ins Corp

NAIC#: 12994 Home Office: Northern Mariana Islands

Business Type: Property/Casualty

Other Reports: Financial Information Licensing Complaints

Company Search Help

OIC MARIANAS INS CORP COMPLAINT COUNTS BY STATE REPORT (Persons - ALL, Year - 2012)

Below is the Complaint Counts By State Report for OIC Marianas Ins Corp. This report is based on the following criteria: Persons - ALL, Year - 2012. No consumer complaints information was found for some states. This could be because a state does not report the information to the NAIC. If the company did not write business in the state in the year 2012, an "0" is displayed. For more information, please refer to the Help.

State	Complaints
Alaska	0
Alabama	0
Arkansas	0
American Samoa	0
Arizona	0
California	0
Colorado	0
Connecticut	0
District Of Columbia	0
Delaware	0
Florida	0
Georgia	0
Guam	0
Hawaii	0
Iowa	0
Idaho	0
Illinois	0
Indiana	0
Kansas	0
Kentucky	0
Louisiana	0
Massachusetts	0
Maryland	0
Maine	0

Company Search for Complaint and Financial Information

Company Name or Company Code *

Business Type:

All

Find a Company

Global Receivership
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Michigan	0
Minnesota	0
Missouri	0
Northern Mariana Islands	0
Mississippi	0
Montana	0
North Carolina	0
North Dakota	0
Nebraska	0
New Hampshire	0
New Jersey	0
New Mexico	0
Nevade	0
New York	0
Ohio	0
Oklahoma	0
Oregon	0
Pennsylvania	0
Puerto Rico	0
Rhode Island	0
South Carolina	0
South Dakota	0
Tennessee	0
Texas	0
Utah	0
Virginia	0
U.S. Virgin Islands	0
Vermont	0
Washington	0
Wisconsin	0
West Virginia	0
Wyoming	0
Total Complaints:	0

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COMPANY SEARCH HOW TO FILE A COMPLAINT HELP

OIC Marianas Ins Corp

NAIC#: 12994 Home Office: Northern Mariana Islands

Business Type: Property/Casualty

Other Reports: Financial Information Licensing Complaints

Company Search Help

OIC MARIANAS INS CORP
COMPLAINT COUNTS BY STATE REPORT
(Persons - ALL, Year - 2011)

Below is the Complaint Counts By State Report for OIC Marianas Ins Corp. This report is based on the following criteria: Persons - ALL, Year - 2011. No consumer complaints information was found for some states. This could be because a state does not report the information to the NAIC. If the company did not write business in the state in the year 2011, an "0" is displayed. For more information, please refer to the Help.

State	Complaints
Alaska	0
Alabama	0
Arkansas	0
American Samoa	0
Arizona	0
California	0
Colorado	0
Connecticut	0
District Of Columbia	0
Delaware	0
Florida	0
Georgia	0
Guam	0
Hawaii	0
Iowa	0
Idaho	0
Illinois	0
Indiana	0
Kansas	0
Kentucky	0
Louisiana	0
Massachusetts	0
Maryland	0
Maine	0

Company Search for Complaint and Financial Information

Company Name or Company Code

Business Type:

All ...

Find a Company

Global Receivership Information Database

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COMPLAINTS
BY
STATE
2011

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Michigan	0
Minnesota	0
Missouri	0
Northern Mariana Islands	0
Mississippi	0
Montana	0
North Carolina	0
North Dakota	0
Nebaska	0
New Hampshire	0
New Jersey	0
New Mexico	0
Nevada	0
New York	0
Ohio	0
Oklahoma	0
Oregon	0
Pennsylvania	0
Puerto Rico	0
Rhode Island	0
South Carolina	0
South Dakota	0
Tennessee	0
Texas	0
Utah	0
Virginia	0
U.S. Virgin Islands	0
Vermont	0
Washington	0
Wisconsin	0
West Virginia	0
Wyoming	0
Total Complaints:	0

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INSURANCE CODE

TITLE 12. OTHER COVERAGE

CHAPTER 3503. SURETY BONDS AND RELATED INSTRUMENTS

SUBCHAPTER A. CERTAIN REQUIRED OR PERMITTED OBLIGATIONS

Sec. 3503.001. DEFINITION. In this subchapter, "obligation" means a bond, undertaking, recognizance, guaranty, or other obligation that is by law or by a charter, ordinance, or rule of a municipality, board, body, organization, court, or public officer required or permitted to be made, given, tendered, or filed to guarantee the performance of an act, duty, or obligation or the refraining from an act.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.002. EXECUTION OF OBLIGATION BY SURETY COMPANY.

(a) A surety company authorized to engage in business in this state may execute an obligation.

(b) Except as provided by Section 3503.004 or 3503.005, the execution of an obligation by a surety company under Subsection (a) is in full compliance with each law, charter, ordinance, or rule that requires:

(1) the obligation to be executed by one or more sureties;
or

(2) the executing sureties to possess any qualification, including the requirement that a surety be a resident, householder, or freeholder.

(c) Each municipality, board, body, organization, court, public officer, and head of department shall accept and treat an obligation executed by a surety company under Subsection (a) as fully complying with each law, charter, ordinance, or rule described by Subsection (b).

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.003. DESIGNATION OF AGENT BY CORPORATE SURETY REQUIRED. Notwithstanding Section 3503.002, in specifications by a municipality for work or supplies for which sealed bids are required, the municipality may require that a corporate surety tender designate, in a manner satisfactory to the municipality, an agent:

- (1) who is a resident of the county in which the municipality is located; and
- (2) to whom any required notices may be delivered and on whom process may be served in matters arising out of the suretyship.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.004. WRITTEN CERTIFICATION OF REINSURANCE AS CONDITION OF ACCEPTANCE OF OBLIGATION. (a) If an obligation is in an amount that exceeds 10 percent of the surety company's capital and surplus, the municipality, board, body, organization, court, or public officer may require, as a condition of accepting the obligation, written certification that the surety company has reinsured the portion of the risk that exceeds 10 percent of the surety company's capital and surplus with one or more reinsurers who are authorized, accredited, or trusted to engage in business in this state.

(b) Repealed by Acts 2011, 82nd Leg., R.S., Ch. 1147, Sec. 14.002, eff. September 1, 2011.

(c) On request, the department shall provide the amount of the allowed capital and surplus, as of the date of the last annual statutory financial statement, for a surety company or reinsurer authorized to engage in business in this state.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1147, Sec. 14.002, eff. September 1, 2011.

Sec. 3503.005. ADDITIONAL REQUIREMENTS FOR CERTAIN BONDS. (a) A bond that is made, given, tendered, or filed under Chapter 53, Property Code, or Chapter 2253, Government Code, may be executed only by a surety company that is authorized to write surety bonds in this

state. If the amount of the bond exceeds \$100,000, the surety company must also:

(1) hold a certificate of authority from the United States secretary of the treasury to qualify as a surety on obligations permitted or required under federal law; or

(2) have obtained reinsurance for any liability in excess of \$1 million from a reinsurer that:

(A) is an authorized reinsurer in this state; or

(B) holds a certificate of authority from the United States secretary of the treasury to qualify as a surety or reinsurer on obligations permitted or required under federal law.

(b) To determine whether the surety on the bond or the reinsurer holds a certificate of authority from the United States secretary of the treasury, a party may conclusively rely on the list published in the Federal Register by the United States Department of the Treasury, covering the date on which the bond was executed, of the companies holding certificates of authority as acceptable sureties on federal bonds and as acceptable reinsuring companies. A purchaser, insurer of title, or lender acquiring or insuring an interest in or title to real property may also conclusively rely on, and is protected by, a statement on a recorded bond or a sworn, recorded statement by the surety that refers to the specific recorded bond and states that, at the time the bond was executed, the surety complied with Subsection (a)(1) or (2).

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1147, Sec. 14.001, eff. September 1, 2011.

SUBCHAPTER B. PROMPT PAYMENT OF CONSTRUCTION PAYMENT BONDS

Sec. 3503.051. DEFINITIONS. In this subchapter:

(1) "Claimant" means a person directly entitled to payment under a construction payment bond.

(2) "Construction payment bond" means a surety agreement or obligation issued to guarantee or assure payment by a principal obligor for work performed or materials supplied or specially

fabricated for a public or private construction project.

(3) "Notice of claim" means a written notification by a claimant who makes a claim for payment from the surety company. The term does not include a routine statutory notice required by Section 53.056(b), 53.057, 53.058, 53.252(b), or 53.253, Property Code, or Section 2253.047, Government Code.

(4) "Surety company" means an authorized surety or guaranty company that executes and delivers a construction payment bond as a surety for a principal obligor.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.052. CONSTRUCTION OF SUBCHAPTER. (a) This subchapter shall be construed to encourage prompt payment of just claims made under construction payment bonds of surety companies. This subchapter does not foreclose any other remedy available to a claimant by law or contract.

(b) This subchapter may not be construed to:

- (1) create a private cause of action;
- (2) be a precondition to judicially enforcing an obligation under a construction payment bond;
- (3) diminish any other obligation of a surety company that exists by law; or
- (4) prohibit a surety company from asserting a defense against a construction payment bond claim in a proceeding to enforce a claim.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.053. CERTAIN TERMS VOID. A term contained in a construction payment bond that is inconsistent with this subchapter is void.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.054. NOTICE OF CLAIM; ACKNOWLEDGMENT AND INVESTIGATION. (a) A surety company that issues a construction payment bond shall, not later than the 15th day after the date of

receipt of notice of claim under the bond:

- (1) acknowledge receipt of the claim;
- (2) begin any review or investigation necessary to determine whether the surety company is obligated to satisfy the claim under the bond; and
- (3) request from the claimant each document, item of information, accounting, statement, or form that the surety company reasonably believes, at that time, will be required from the claimant.

(b) If a construction payment bond provides an address to which a notice of claim under the bond should be submitted, the notice is effective on the date the notice is received at that address.

(c) This subchapter does not exempt a claimant from complying with any applicable statutory or contractual notice requirement.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.055. NOTICE OF ACCEPTANCE OR REJECTION OF CLAIM.

(a) Except as provided by Subsection (c), a surety company shall notify a claimant in writing of the acceptance or rejection of a claim not later than the 30th day after the date the company receives all documents, items of information, accountings, statements, and forms requested by the company under Section 3503.054.

(b) If the surety company rejects all or part of the claim, the notice required by Subsection (a) must state in specific terms the reasons for the rejection that are known by the company at the time of the rejection.

(c) If the surety company is unable to accept or reject the claim within the period specified by Subsection (a), the company, in that same period, shall notify the claimant in writing that the company is unable to accept or reject the claim. The notice provided under this subsection must:

- (1) state the reasons for which the company needs additional time to accept or reject the claim; and
- (2) include a request for any additional information the company reasonably needs to process the claim.

(d) Not later than the 30th day after the date a surety company notifies a claimant under Subsection (c), the company shall

notify the claimant in writing of the acceptance or rejection of the claim. If the company rejects all or part of the claim, the company shall state in specific terms the reasons for the rejection that are known by the company at the time of the rejection.

(e) In addition to any other contractual or statutory basis for denying a claim, the surety company may reject all or part of a claim:

(1) that is the subject of a legitimate dispute between the principal obligor and the claimant; or

(2) for which the claimant has failed to provide supporting documents or information the company reasonably requested.

(f) The time limits provided by this section and Section 3503.054 may be varied by any statute requiring a construction payment bond.

(g) This section does not preclude a surety company from asserting any defense in an action brought by a claimant on a construction payment bond if the company makes a good faith effort to inform the claimant in accordance with this section of the reasons for rejecting all or part of the claim.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.056. PAYMENT OF CLAIM. (a) If a surety company notifies a claimant under Section 3503.055 that the company accepts a claim or part of a claim, the company shall pay the claim not later than the 15th day after the date of the notice.

(b) If payment of the claim or part of the claim is conditioned on the execution of a document or performance of an act by the claimant, the surety company shall pay the claim not later than the seventh day after the date the company receives the executed document or evidence that the act has been performed.

(c) For purposes of this section, payment of a claim occurs when the surety company places the company's check or draft in the United States mail properly addressed to the claimant or the claimant's representative.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.057. RULES. The commissioner may adopt rules enforcing this subchapter in cases in which a surety company violates this subchapter as a general business practice.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

SUBCHAPTER C. OTHER BONDS

Sec. 3503.101. BAIL BOND CERTIFICATES. (a) In any year, an insurance company authorized to engage in fidelity and surety insurance business in this state may become surety in an amount not to exceed \$200 with respect to each bail bond certificate issued in that year by:

- (1) an automobile club authorized to transact business in this state; or
- (2) a truck and bus association incorporated in this state.

(b) The bail bond certificate must be a printed card or other certificate that:

- (1) is issued by:
 - (A) an automobile club authorized to transact business within this state; or
 - (B) a truck and bus association incorporated in this state;
- (2) is issued to a member of the club or association and signed by the member of the club or association; and
- (3) contains a printed statement that:
 - (A) a fidelity and surety company authorized to engage in business in this state guarantees the appearance of the member whose signature appears on the card or certificate; and
 - (B) if the member fails to appear in court at the time of trial, the fidelity and surety company will pay any fine or forfeiture imposed on the member in an amount not to exceed \$200.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

SUBCHAPTER D. SUIT ON CERTAIN BONDS OR OTHER OBLIGATIONS

Sec. 3503.151. VENUE OF SUIT ON CERTAIN BONDS OR OTHER OBLIGATIONS. (a) This section applies to:

(1) a bond or other obligation of an insurance company authorized to engage in business in this state and to act as surety and guarantor of the fidelity of employees, trustees, executors, administrators, guardians, or others appointed to, or assuming the performance of, any public or private trust under appointment of a court or tribunal, or under contract between private individuals or corporations; or

(2) a bond that may be required:

(A) to be filed in a judicial proceeding;

(B) to guarantee a contract or undertaking between:

(i) individuals;

(ii) private corporations;

(iii) individuals and corporations; or

(iv) individuals or private corporations and the state, a municipal corporation, or a county; or

(C) of a state, county, municipal, or district official, including a school district official.

(b) A proper court in the county in which a bond or other obligation described by Subsection (a) is filed has jurisdiction of a suit instituted on the bond or obligation.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.152. RESIDENCE OF INSURANCE COMPANY. An insurance company described by Section 3503.151 is a resident of a county in which the company engages in business.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.153. SERVICE OF PROCESS. In a suit described by Section 3503.151, process shall be served in accordance with Sections 804.003, 804.101, 804.102, 804.103, 804.201, 804.202, 804.203(a), (c), and (d), and 804.204, as applicable.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

Sec. 3503.154. ACCEPTANCE OF SUBCHAPTER. The doing or performance of any business in any county is considered an acceptance

of the provisions of this subchapter.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.

SUBCHAPTER E. REGULATION OF SURETY COMPANY

Sec. 3503.201. MERGER OR CONSOLIDATION OF CERTAIN COMPANIES.

When two or more companies authorized to write fidelity, guaranty, and surety insurance in this state merge or consolidate and, incident to the merger or consolidation, enter into a total reinsurance contract under which the merged or ceding company is dissolved and that company's assets are acquired and liabilities are assumed by the new or surviving company, the commissioner, on finding that the contracting companies have on deposit with the comptroller two or more deposits made for the same or similar purposes under former Article 7.03, repealed by Chapter 388, Acts of the 55th Legislature, Regular Session, 1957, or under Section 861.252, shall authorize the comptroller to:

- (1) retain for a single purpose only the deposit of the greatest amount and value; and
- (2) permit the new or surviving company, on proper showing that there is duplication of deposits and that the new or surviving company is the owner of those deposits, to withdraw a duplicate or excessive deposit.

Added by Acts 2005, 79th Leg., Ch. 727, Sec. 3, eff. April 1, 2007.



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[Title 31, Volume 2, Parts 223]

[Revised as of July 1, 1997]

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31 CFR, Part 223

REGULATIONS GOVERNING SURETY COMPANIES DOING BUSINESS WITH THE UNITED STATES

Sec. 223.1 Certificate of authority.

The regulations in this part will govern the issuance by the Secretary of the Treasury of certificates of authority to bonding companies to do business with the United States as sureties on, or reinsurers of, recognizances, stipulations, bonds, and undertakings, hereinafter sometimes called obligations, under the provisions of the Act of July 30, 1947 (61 Stat. 646, as amended; 6 U.S.C. 6-13), and the acceptance of such obligations from such companies so long as they continue to hold said certificates of authority.

Sec. 223.2 Application for certificate of authority.

Every company wishing to apply for a certificate of authority shall address the Assistant Commissioner, Comptroller, Financial Management Service, U.S. Department of Treasury, Washington, DC 20226, who will notify the company of the data which the Secretary of the Treasury determines from time to time to be necessary to make application. In accord with 6 U.S.C. 8 the data will include a copy of the applicant's charter or articles of incorporation and a statement, signed and sworn to by its president and secretary, showing its assets and liabilities. A fee shall be transmitted with the application in accordance with the provisions of Sec. 223.22(a)(1).

Sec. 223.3 Issuance of certificates of authority.

(a) If, from the evidence submitted in the manner and form herein required, subject to the guidelines referred to in Sec. 223.9 the Secretary of the Treasury shall be satisfied that such company has authority under its charter or articles of incorporation to do the business provided for by the Act referred to in Sec. 223.1, and if the Secretary of the Treasury shall be satisfied from such company's financial statement and from any further evidence or information he may require, and from such examination of the company, at its own expense, as he may cause to be made, that such company has a capital fully paid up in cash of not less than \$250,000, is solvent and financially and otherwise qualified to do the business provided for in said Act, and is able to keep and perform its contracts, he will, subject to the further conditions herein contained, issue a certificate of authority to such company, under the seal of the Treasury Department, to qualify as surety on obligations permitted or required by the laws of the United States to be given with one or more sureties, for a term expiring on the last day of June next following. The certificate of authority shall be renewed annually on the first day of July, so long as the company remains qualified under the law and the regulations in this part, and transmits to the Assistant Commissioner, Comptroller by March 1 each year the fee in accordance with the provisions of Sec. 223.22(a)(3).

(b) If a company meets the requirements for a certificate of authority as an acceptable surety on Federal bonds in all respects except that it is a United States branch of a company not incorporated under the laws of the United States or of any State, or it is limited by its articles of incorporation or corporate charter to reinsure business only, it may be issued a certificate of authority as a reinsuring

company on Federal bonds. The fees for initial application and renewal of a certificate as a reinsuring company shall be the same as the fees for a certificate of authority as an acceptable surety on Federal bonds.

Sec. 223.4 Deposits.

No such company will be granted authority to do business under the provisions of the act referred to in Sec. 223.1 unless it shall have and maintain on deposit with the Insurance Commissioner, or other proper financial officer, of the State in which it is incorporated, or of any other State of the United States, for the protection of claimants, including all its policyholders in the United States, legal investments having a current market value of not less than \$100,000.

Sec. 223.5 Business.

(a) The company must engage in the business of suretyship whether or not also making contracts in other classes of insurance, but shall not be engaged in any type or class of business not authorized by its charter or the laws of the State in which the company is incorporated. It must be the intention of the company to engage actively in the execution of surety bonds in favor of the United States.

(b) No bond is acceptable if it has been executed (signed and/or otherwise validated) by a company or its agent in a State where it has not obtained that State's license to do surety business. Although a company must be licensed in the State or other area in which it executes a bond, it need not be licensed in the State or other area in which the principal resides or where the contract is to be performed. The term other area includes the Canal Zone, District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

Sec. 223.6 Requirements applicable to surety companies.

Every company now or hereafter authorized to do business under the act of Congress referred to in Sec. 223.1 shall be subject to the regulations contained in this part.

Sec. 223.7 Investment of capital and assets.

The cash capital and other funds of every such company must be safely invested in accordance with the laws of the State in which it is incorporated and will be valued on the basis set forth in Sec. 223.9. The Secretary of the Treasury will periodically issue instructions for the guidance of companies with respect to investments and other matters. These guidelines may be updated from time to time to meet changing conditions in the industry.

Sec. 223.8 Financial reports.

(a) Every such company will be required to file with the Assistant Commissioner, Comptroller on or before the last day of January of each year, a statement of its financial condition made up as of the close of the preceding calendar year upon the annual statement blank adopted by the National Association of Insurance Commissioners, signed and sworn to by its president and secretary.

On or before the last days of April, July and October of each year, every such company shall file a financial statement with the Assistant Commissioner, Comptroller as of the last day of the preceding month. A form is prescribed by the Treasury for this purpose. The quarterly statement form of the National Association of Insurance Commissioners when modified to conform to the Treasury's requirements, may be substituted for the Treasury's form. The quarterly statement will be signed and sworn to by the company's president and secretary or their authorized designees.

(b) Every such company shall furnish such other exhibits or information, and in such manner as the Secretary of the Treasury may at any time require.

Sec. 223.9 Valuation of assets and liabilities.

In determining the financial condition of every such company, its assets and liabilities will be computed in accordance with the guidelines contained in the Treasury's current Annual Letter to Executive Heads of Surety Companies. However, the Secretary of the Treasury may value the assets and liabilities of such companies in his discretion. Credit will be allowed for reinsurance in all classes of risks if the reinsuring company holds a certificate of authority from the Secretary of the Treasury, or has been recognized as an admitted reinsurer in accord with Sec. 223.12.

Sec. 223.10 Limitation of risk.

Except as provided in Sec. 223.11, no company holding a certificate of authority shall underwrite any risk on any bond or policy on behalf of any individual, firm, association, or corporation, whether or not the United States is

interested as a party thereto, the amount of which is greater than 10 percent of the paid-up capital and surplus of such company, as determined by the Secretary of the Treasury. That figure is hereinafter referred to as the underwriting limitation.

Sec. 223.11 Limitation of risk: Protective methods.

The limitation of risk prescribed in Sec. 223.10 may be complied with by the following methods:

(a) Coinsurance. Two or more companies may underwrite a risk on any bond or policy, the amount of which does not exceed their aggregate underwriting limitations. Each company shall limit its liability upon the face of the bond or policy, to a definite specified amount which shall be within its underwriting limitation.

(b) Reinsurance.

(1) In respect to bonds running to the United States, liability in excess of the underwriting limitation shall be reinsured within 45 days from the date of execution and delivery of the bond with one or more companies holding a certificate of authority from the Secretary of the Treasury. Such reinsurance shall not be in excess of the underwriting limitation of the reinsuring company. Where reinsurance is contemplated, Federal agencies may accept a bond from the direct writing company in satisfaction of the total bond requirement even though it may exceed the direct writing company's underwriting limitation. Within the 45 day period, the direct writing company shall furnish to the Federal agency any necessary reinsurance agreements.

However, a Federal agency may, at its discretion, require that reinsurance be obtained within a lesser period than 45 days, and may require completely executed reinsurance agreements in hand before making a final determination that any bond is acceptable. Reinsurance may protect bonds required to be furnished to the United States by the Miller Act (40 U.S.C. 270a through 270d) covering contracts for the construction, alteration, or repair of any public building or public work of the United States, as well as other types of Federal bonds. Use of reinsurance or coinsurance to protect such bonds is at the discretion of the direct writing company. Reinsurance shall be executed on reinsurance agreement forms (Standard Form 273 for Miller Act Performance bonds (formerly form No. TFS 6317), Standard Form 274 for Miller Act Payment bonds (formerly form No. TFS 6318), and Standard Form 275 for other types of Federal bonds (formerly form No. TFS 6319)). Federal bond-approving officers may obtain the forms by submitting a requisition in FEDSTRIP/MILSTRIP format to the General Services Administration regional office providing support to the requesting Government organization. In addition, the forms are available to authorized sureties and reinsurers from the Superintendent of Documents, Government Printing Office, Stop: SSMC, Washington, DC 20402.

(2) In respect to risks covered by bonds or policies not running to the United States, liability in excess of the underwriting limitation shall be reinsured within 45 days from the date of execution and delivery of the bond or policy with:

(i) One or more companies holding a certificate of authority from the Secretary of the Treasury as an acceptable surety on Federal bonds or one or more companies holding a certificate of authority as an acceptable reinsuring company on such bonds, or

(ii) One or more companies recognized as an admitted reinsurer in accord with Sec. 223.12, or

(iii) A pool, association, etc., to the extent that it is composed of such companies, or

(iv) An instrumentality or agency of the United States which is permitted by Federal law or regulation to execute reinsurance contracts.

(3) No certificate-holding company may cede to a reinsuring company recognized under Sec. 223.12 any risk in excess of 10 percent of the latter company's paid-up capital and surplus.

(c) Other methods. In respect to all risks other than Miller Act performance and payment bonds running to the United States, which must be coinsured or reinsured in accord with paragraph (a) or (b)(1) of this section respectively, the excess liability may otherwise be protected:

(1) By the deposit with the company in pledge, or by conveyance to it in trust for its protection, of assets admitted by the Treasury the current market value of which is at least equal to the liability in excess of its underwriting limitation, or

(2) If such obligation was incurred on behalf of or on account of a fiduciary holding property in a trust capacity, by a joint control agreement which provides that the whole or a sufficient portion of the property so held may not be disposed of or pledged in any way without the consent of the insuring company.

Sec. 223.12 Recognition as reinsurer.

(a) Application by U.S. company. Any company organized under the laws of the United States or of any State thereof, wishing to apply for recognition as an admitted reinsurer (except on excess risks running to the United States) of surety companies doing business with the United States, shall file the following data with the Assistant Comptroller for Auditing and shall transmit therewith the fee in accordance with the provisions of Sec. 223.22(a)(2):

(1) A certified copy of its charter or articles of incorporation, and

(2) A certified copy of a license from any State in which it has been authorized to do business, and

(3) A copy of the latest available report of its examination by a State Insurance Department, and

(4) A statement of its financial condition, as of the close of the preceding calendar year, on the annual statement form of the National Association of Insurance Commissioners, signed and sworn to by two qualified officers of the company, showing that it has a capital stock paid up in cash of not less than \$250,000, in the case of a stock insurance company, or has net assets of not less than \$500,000 over and above all liabilities, in the case of a mutual insurance company, and

(5) Such other evidence as the Secretary of the Treasury may determine necessary to establish that it is solvent and able to keep and perform its contracts.

(b) Application by a U.S. branch. A U.S. branch of an alien company applying for such recognition shall file the following data with the Assistant Commissioner, Comptroller and shall transmit therewith the fee in accordance with the provisions of Sec. 223.22(a)(2):

(1) The submissions listed in paragraphs (a) (1) through (5) of this section, except that the financial statement of such branch shall show that it has net assets of not less than \$250,000 over and above all liabilities, and

(2) Evidence satisfactory to the Secretary of the Treasury to establish that it has on deposit in the United States not less than \$250,000 available to its policyholders and creditors in the United States.

(c) Financial reports. Each company recognized as an admitted reinsurer shall file with the Assistant Commissioner, Comptroller on or before the first day of March of each year its financial statement and such additional evidence as the Secretary of the Treasury determines necessary to establish that the requirements of this section are being met. A fee shall be transmitted with the foregoing data, in accordance with the provisions of Sec. 223.22(a)(4).

Sec. 223.13 Full penalty of the obligation regarded as the liability; exceptions.

In determining the limitation prescribed in this part, the full penalty of the obligation will be regarded as the liability, and no offset will be allowed on account of any estimate of risk which is less than such full penalty, except in the following cases:

(a) Appeal bonds; in which case the liability will be regarded as the amount of the judgment appealed from, plus 10 percent of said amount to cover interest and costs.

(b) Bonds of executors, administrators, trustees, guardians, and other fiduciaries, where the penalty of the bond or other obligation is fixed in excess of the estimated value of the estate; in which cases the estimated value of the estate, upon which the penalty of the bond was fixed, will be regarded as the liability.

(c) Credit will also be allowed for indemnifying agreements executed by sole heirs or beneficiaries of an

estate releasing the surety from liability.

(d) Contract bonds given in excess of the amount of the contract; in which cases the amount of the contract will be regarded as the liability.

(e) Bonds for banks or trust companies as principals, conditioned to repay moneys on deposit, whereby any law or decree of a court, the amount to be deposited shall be less than the penalty of the bond; in which cases the maximum amount on deposit at any one time will be regarded as the liability.

Sec. 223.14 Schedules of single risks.

During the months of January, April, July, and October of each year every company will be required to report to the Secretary of the Treasury every obligation which it has assumed during the 3 months immediately preceding, the penal sum of which is greater than 10 percent of its paid up capital and surplus, together with a full statement of the facts which tend to bring it within the provisions of this part, on a form suitable for the purpose.

Sec. 223.15 Paid up capital and surplus for Treasury rating purposes; how determined.

The amount of paid up capital and surplus of any such company shall be determined on an insurance accounting basis under the regulations in this part, from the company's financial statements and other information, or by such examination of the company at its own expense as the Secretary of the Treasury may deem necessary or proper.

Sec. 223.16 List of certificate holding companies.

A list of qualified companies is published annually as of July 1 in Department Circular No. 570, Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies, with information as to underwriting limitations, areas in which licensed to transact surety business and other details. If the Secretary of the Treasury shall take any exceptions to the annual financial statement submitted by a company, he shall, before issuing Department Circular 570, give a company due notice of such exceptions. Copies of the Circular are available from the Assistant Commissioner, Comptroller upon request. Selection of a particular qualified company from among all companies holding certificates of authority is discretionary with the principal required to furnish bond.

Sec. 223.17 Revocation.

Whenever it appears that a company is not complying with the requirements of 6 U.S.C. 6-13 and of the regulations in this part, the Secretary of the Treasury will:

(a) In all cases notify the company of the facts or conduct which indicate such failure, and provide opportunity to the company to respond, and

(b) In those cases where the public interest in the constant financial stability of such a company allows, also provide opportunity to the company to demonstrate or achieve compliance with those requirements. The Secretary shall revoke a company's certificate of authority with advice to it if:

- (1) The company does not respond satisfactorily to his notification of noncompliance, or
- (2) The company, provided an opportunity to demonstrate or achieve compliance, fails to do so.

Sec. 223.18 Performance of agency obligations.

(a) Every company shall promptly honor its bonds naming the United States or one of its agencies or instrumentalities as obligee. If an agency's demand upon a company on behalf of the agency or laborers, materialmen, or suppliers (on payment bonds), for payment of a claim against it is not settled to the agency's satisfaction, and the agency's review of the situation thereafter establishes that the default is clear and the company's refusal to pay is not based on adequate grounds, the agency may make a report to the Secretary of the Treasury, including a copy of the subject bond, the basis for the claim against the company, a chronological resume of efforts to obtain payment, a statement of all reasons offered for non-payment, and a statement of the agency's views on the matter.

(b) On receipt of such report from the Federal agency the Secretary will, if the circumstances warrant, notify the company concerned that the agency report may demonstrate that the company is not keeping and performing its contracts and that, in the absence of satisfactory explanation, the company's default may preclude the renewal of the company's certificate of authority, or warrant prompt revocation of the existing certificate. This notice will provide opportunity to the company to demonstrate its qualification for a continuance of the certificate of authority.

Sec. 223.19 Informal hearing on agency complaints.

(a) Request for informal hearing. If a company determines that the opportunity to make known its views, as provided for under Sec. 223.18(b), is inadequate, it may, within 20 business days of the date of the notice required by Sec. 223.18(b), request, in writing, that the Secretary of the Treasury convene an informal hearing.

(b) Purpose. As soon as possible after a written request for an informal hearing is received, the Secretary of the Treasury shall convene an informal hearing, at such time and place as he deems appropriate, for the purpose of determining whether revocation of the company's certificate of authority is justified.

(c) Notice. The company shall be advised, in writing, of the time and place of the informal hearing and shall be directed to bring all documents, records and other information as it may find necessary and relevant to substantiate its refusal to settle the claims made against it by the Federal agency making the report under Sec. 223.18(a).

(d) Conduct of hearings. The hearing shall be conducted by a hearing officer appointed by the Secretary. The company may be represented by counsel and shall have a fair opportunity to present any relevant material and to examine the agency's evidence. Formal rules of evidence will not apply at the informal hearing.

(e) Report. Within 30 days after the informal hearing, the hearing officer shall make a written report to the Secretary setting forth his findings, the basis for his findings, and his recommendations. A copy of the report shall be sent to the company.

Sec. 223.20 Final decisions.

If, after review of the case file, it is the judgment of the Secretary that the complaint was unfounded, the Secretary shall dismiss the complaint by the Federal agency concerned and shall so notify the company. If, however, it is the judgment of the Secretary that the company has not fulfilled its obligations to the complainant agency, he shall notify the company of the facts or conduct which indicate such failure and allow the company 20 business days from the date of such notification to demonstrate or achieve compliance. If no showing of compliance is made within the period allowed, the Secretary shall either preclude renewal of a company's certificate of authority or revoke it without further notice.

Sec. 223.21 Reinstatement.

If, after one year from the date of the expiration or the revocation of the certificate of authority, under Sec. 223.20 a company can show that the basis for the non-renewal or revocation has been eliminated and that it can comply with the requirements of 6 U.S.C. 6-13 and the regulations in this part, a new certificate of authority shall be issued without prejudice.

Sec. 223.22 Fees for services of the Treasury Department.

(a) Fees shall be imposed and collected, for the services listed in paragraphs (a) (1) through (4) of this section which are performed by the Treasury Department, regardless of whether the action requested is granted or denied. The payee of the check or other instrument shall be the Financial Management Service, Treasury Department. The amount of the fee will be based on which of the following categories of service is requested:

- (1) Examination of a company's application for a certificate of authority as an acceptable surety on Federal bonds or for a certificate of authority as an acceptable reinsuring company on such bonds (see Sec. 223.2);
- (2) Examination of a company's application for recognition as an admitted reinsurer (except on excess risks running to the United States) of surety companies doing business with the United States (see Sec. 223.12(a) and (b));
- (3) Determination of a company's continuing qualifications for annual renewal of its certificate of authority (see Sec. 223.3); or
- (4) Determination of a company's continuing qualifications for annual renewal of its authority as an admitted reinsurer (see Sec. 223.12(c)).

(b) In a given year a uniform fee will be collected from every company requesting a particular category of service, e.g., determination of a company's continuing qualifications for annual renewal of its certificate of authority. However, the Treasury Department reserves the right to redetermine the

amounts of fees annually. Fees are determined in accordance with Office of Management and Budget Circular A-25, as amended.

(c) Specific fee information may be obtained from the Assistant Commissioner, Comptroller at the address shown in Sec. 223.2. In addition, a notice of the amount of a fee referred to in Sec. 223.22(a) (1) through (4) will be published in the Federal Register as each change in such fee is made.

[43 FR 12678, Mar. 27, 1978, as amended at 49 FR 47001 and 47002, Nov. 30, 1984]

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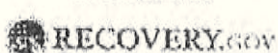
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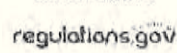
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CONDITIONS ON BID BOND: *Legal Counsel for County of San Luis Obispo having reviewed the Bond the bond and made necessary changes in order to approve it. It is understood and agreed the surety is facilitating the bond through its place of jurisdiction in the CNMI, USA and utilizing a countersignature from a California Licensed Agent for process serving only. If the County of San Luis Obispo deems this Bond as noncompliance please consider it as enforceable. If the Bond is not considered noncompliance, please consider as null and void and return it to the Agent of Record.

The owner of the project is exercising its home rule rights and accepting what it believes is in their best interest regarding the combination of contractor and surety.

When this bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provisions in this bond conflicting with said statutory or legal requirement shall be deemed deleted here from and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this bond shall be construed as a statutory bond and not as a common law bond.